

Message Text

CONFIDENTIAL

PAGE 01 BONN 12039 161151Z

53

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

XMB-02 OPIC-03 LAB-04 SIL-01 /094 W
----- 035354

R 161144Z JUL 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0476

DEPARTMENT TREASURY

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL FRANKFURT

C O N F I D E N T I A L BONN 12039

TREASURY FOR SYVRUD

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: GERMAN GOVERNMENT REACTION TO DRAFT
US INTERNATIONAL BANKING ACT OF 1976

1. THE FINANCIAL ATTACHE HAS DISCUSSED THE GERMAN
BANKERS' ASSOCIATION PRESS RELEASE ON THE
INTERNATIONAL BANKING ACT WITH FINANCE MINISTRY
ASSISTANT SECRETARY WEBER (PLEASE PROTECT AND TREAT
FINANCE MINISTRY POSITION STRICTLY NOFORN FOR TIME
BEING). WEBER SAID THAT THE MINISTRY IS NOW IN
THE PROCESS OF DRAFTING A LETTER TO THE US TREASURY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 12039 161151Z

ON THE INTERNATIONAL BANKING ACT. THE MINISTRY

CONSIDERS MANY OF THE QUESTIONS RAISED BY THE BANKING ASSOCIATION AS OF ONLY MARGINAL OR SECONDARY IMPORTANCE, SUCH AS COMPULSORY FDIC AND FEDERAL RESERVE MEMBERSHIP FOR FOREIGN BANKS IN THE US. THE STRENGTH OF THE MINISTRY'S REACTION TO THE LIMITATION OF THE GRANDFATHER CLAUSE FOR SECURITY AND BROKERAGE TRANSACTIONS IS NOT YET CLEAR. THE MINISTRY IS, HOWEVER, VERY MUCH CONCERNED REGARDING POSSIBLE APPLICATION OF THE ONE BANK HOLDING COMPANY CONCEPT TO GERMAN PARENT BANKS HAVING BRANCHES IN THE US. THIS COULD PREVENT GERMAN UNIVERSAL BANKS FROM ESTABLISHING OR MAINTAINING BRANCHES IN THE US IF THE GERMAN PARENT--AS FOR UNIVERSAL BANKS IS LIKELY--HAS AN EQUITY INTEREST IN A US FIRM OR IN A GERMAN FIRM HAVING AN EQUITY INTEREST IN US FIRMS. THE FINANCE MINISTRY FEELS THAT THE REFERENCE IN THE PRESENT DRAFT TO THE ONE BANK HOLDING COMPANY ACT IS POTENTIALLY VERY DAMAGING AND MUCH TOO VAGUE. IT COULD AMOUNT TO AN ATTEMPT TO EXTEND US LAW AND JURISDICTION TO DOMESTIC GERMAN BANKS WHO HAPPEN TO HAVE A US BRANCH. THE FINANCE MINISTRY'S LETTER TO THE US TREASURY WILL PROBABLY CONCENTRATE ON THIS POINT AND ASK THAT THE VAGUE REFERENCE TO THE ONE BANK HOLDING COMPANY ACT BE SPELLED OUT AND BE MODIFIED IN SUCH A WAY TO AVOID THE CLEARLY UNDESIRABLE POSSIBLE CONSEQUENCE OF IN EFFECT PREVENTING FOREIGN UNIVERSAL BANKS FROM HAVING BRANCHES IN THE US.

CASH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, GOVERNMENT REACTIONS, BANK LAW
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BONN12039
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760274-1093
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760752/aaaabtet.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: NOFORN
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: NOFORN
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by greeneet>; APPROVED <12 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GERMAN GOVERNMENT REACTION TO DRAFT US INTERNATIONAL BANKING ACT OF 1976
TAGS: EFIN, GE, US
To: STATE TRSY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006